REVENUE (1948) Department

No. SERIES.

G.O. No. 174

Dated 23rd July, 1948.

[Despatch Abstract.]

TAX - Madras General Sales Tax Act, 1939 - Transfers of Stocks of paddy and rice from one dealer to another - under the orders of the Civil Supplies Department - Exempted from tax-

Back Papers.

G.O.	No.	Department.	Date.	G.O.	No.	Department.	Date.
Ms.	2517	Rev.	11-11-46				

Further Papers.

G.O.	No.	Department.	Date.	G.O.	No.	Department.	Date.

REVENUE DEPARTMENT.

Subject:

M.G.S.T. Act, 1939 - (Tanjore) - Food rationing - Transfer of stocks from one dealer to another - Exemption - Recommended.

Ref.T.No.3775 A/48-2.

Station: Madras. dated 24-6-1948.

From

Khan Sahib Md. Sultan Mohiuddin Hussain Sahib Bahadur B.A.,
Additional Joint Secretary, Board of Revenue.

S. Ranganathan Esq. OBE, ICS.,
Commissioner of Land Revenue and Commercial Taxes.

Read the following:-

1. From the Collector of Tanjore, Rc.497/48-L.1 d/3-4-1948.
2. From the Deputy Commissioner (Central), L.Dis846/48d/31-5-48.

Reference:

2. The Board recommends that the Government may be pleased to exempt the transfers of stocks of paddy and rice among the dealers from sales tax provided that -

(i) the transfers are made under the orders of the supply officers of the Civil Supplies Department.

(ii) no profit is made by the transfer, or

(iii) the transferer charges only the minimum incidential charges actually incurred in addition to his cost price, and

(iv) the amounts involved in such transfers are included in the turn-over of the transferer, but shown as except from the sales tax.

Sd. x x x
for Additional Joint Secretary.

To the Secretary to the Government, Revenue Department.
Copy to the Board of Revenue, Civil Supplies Branch.

/True Copy/

Copy of letter No.Rc.497/48-L.1, dated 3-4-48 from the Collector of Tanjore.

Sub: Tax - Madras General Sales Tax Act 1939 - Transfer of stock from one wholesaler to another under the Rationing scheme - Exemption from sales tax - Orders requested.

Ref: G.O.Ms.No.2517, dated 11-11-1946.
2. Board's B.P.Rt.1763-46.C.3., dated 23-11-1946.

According to the G.O. cited above, exemption from sales tax is ordered in respect of sales of surplus stock by a wholesaler in a surplus area to another wholesaler in a deficit area under the orders of the Supply Officers. But even if this district which is a surplus area, there have been occasions when merchants specially appointed as "wholesalers" under the rationing scheme for supply to the retail dealers in this district" had no adequate stocks, due to various causes such as their mills being in a state of disrepair. Want of stocks, inability to prepare adequate quantities on account of continuous rains etc. and the supply officers were obliged to transfer ready stocks from a nearby authorised merchant (who is not a ration wholesaler but only a supplier to the District Supply Officer) in order to avoid breakdown of rationing.

It is brought to notice that in respect of the stocks so transferred, besides the transferer, the transferee has also been levied sales tax by the Commercial Taxes Department. The Commercial Tax Officers seem to take the stand that since the G.O. cited above refers only to cases of transfer from a surplus area to a deficit area, the cases of transfer referred to above within the surplus area are not eligible for the benefit of exemption from sales tax. As explained above, due to various causes, transfers from non-ration wholesale merchants to ration wholesalers were unavoidable at certain times. In order that the unit prices of rice and paddy to the consumer might not be upset on account of these transfers, the ration wolesalers were instructed to issue the stocks, so transferred to them at the same prices as their own stocks in them hope that sales tax would not be collected for a second time from the ration wholesalers in respect of the stocks transferred to them. At the most, they can afford to forego only their own profit, but to penalise them by asking them to pay sales tax again, when they had not been given the benefit in the issue prices will be a great hardship. The ration wholesalers to whom stocks were transferred have shown such transfers separately in their accounts and all such transfers were covered by the orders of the Supply Officers. I therefore submit that exemption from sales tax may be orderd in all such cases of transfers made under the directions of the supply officers. I request the favour of very early orders.

Sd. T.K. Palaniappan,
for Collector, d/4-4-48.

/True Copy/

Sd. x x x
for Joint Secretary.

RS/19/12/1953

copy of letter No.L.Dis.846/48, d/31-5-48 from the Deputy Commissioner of Commercial Taxes, Central Division, Madras.

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Sub: M.G.S.T. Act, - Tanjore - Food rationing - transfer of stocks from one wholesaler to another - exemption - remarks.

Ref: From the Board of Revenue, Ref.T.3775.A.48/1, dated 30-4-48.
2. From the C.T.O., Tanjore, L.Dis.332/48, d/20-5-1948.

A copy of the report of the Commercial Tax Officer, Tanjore, in his reference cited is submitted.

2. The transfer of stocks from one dealer (either a wholesaler or a retailer) to another under the orders of the District Supply Officer) to meet emergencies in the Food Rationing may be exempted from tax subject to the conditions prescribed in G.O.Ms.2517, dated 11-11-1946 viz., that there should no profit to the dealer.

Sd. x x x
Deputy Commissioner (Central)

Encl: copy of C.T.O's report.

Copy of L.Dis.332/48 d/20-5-48 from the Commercial Tax Officer, Tanjore, to the Deputy Commissioner (Central)

Sub: M.G.S.T. Act 1939 - Food rationing - transfer of stock from one wholesaler to another - exemption from tax - proposals submitted.

Ref: Board's Ref.T.3775-A-48, dated 30-4-1948.

I submit that the transfer of stocks of paddy and rice among the dealers (whether a wholesaler or a retailer) in surplus area at the instance of supply officers may be exempted provided the dealers charge only the minimum incidental charges for such transfer and do not derive any profit threby.

/True Copy/

Sd. x x x
for Additional Joint Secretary.

RS/19/12/1953

GOVERNMENT OF MADRAS.
Abstract:

Tax - Madras General Sales Tax Act, 1939 - Transfers of Stocks of paddy and rice from one dealer to another under the orders of the Civil Supplies Department - Exempted from tax.

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Revenue Department.

G.O.Ms.No. 1741 — Dated 23rd JULY, 1948.
Read the following:-

G.O.Ms.No. 2517, Revenue, dated 11th November, 1946.
From the Board of Revenue, Ref.T.No.3775 A/48-2, dated the 24th June, 1948.

ORDER:

In the circumstances stated by the Board of Revenue in its Reference read above, the Government direct that no sales tax need be collected in respect of transfers of stocks of paddy and rice among dealers provided that

(i) the transfers are made under the orders of the Supply officers of the Civil Supplies Department;,

(ii) no profit is made by the transfer;

(iii) the transferer charges only the minimum incidental charges actually incurred in addition to his cost price;

(iv) the amounts involved in such transfers are included in the trunover of the transferer but shown as exempt from sales tax.

The assessing officers should satisfy themselves that the incidental charges are not excessive and that profit is not disguised as "indidental charges"

(By Order of His Excellency the Governor)

Sd. x x x
Secretary to Government

To the Board of Revenue, Madras.
Copy to the Food Department.

/True Copy/

RS/19/12/1953

OFFICE ASSISTANT,
MADRAS RECORD OFFICE.
22/12/53
22/12